

CA2ALAQ
73A45

C-2

CA2 ALA0 1973A45
Alberta Opportunity Company. 1973.



3 3398 00307 0470

2

Alberta

OPPORTUNITY COMPANY

HEAD OFFICE

1810 CENTENNIAL BLDG.
10015 - 103 AVENUE
EDMONTON T5J 0H4
TELEPHONE: 429-5721

BRANCH OFFICE

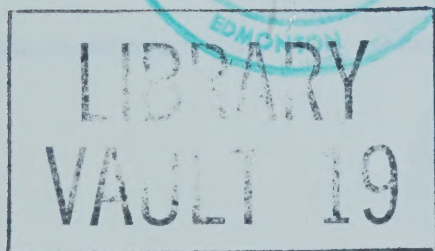
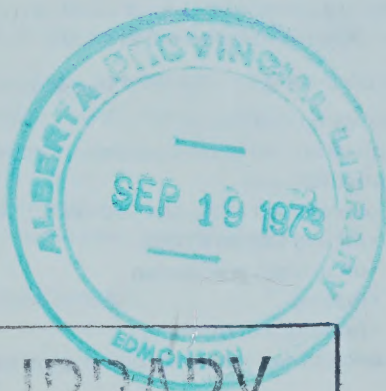
905 JOHN J. BOWLEN BLDG.
620 - 7 AVENUE S.W.
CALGARY T2P 0Y8
TELEPHONE: 268-8428

INTRODUCTION

The ALBERTA OPPORTUNITY COMPANY is a Crown Agency constituted in accordance with the provisions of The Alberta Opportunity Fund Act which came into force on July 1, 1972.

The objective of A.O.C. is the promotion of economic growth in the Province by stimulating the establishment of new businesses and aiding in the expansion of existing enterprises. In pursuing this objective A.O.C. gives priority to

- Albertans and Alberta-owned enterprises
- small businesses
- centres of small population
- job-creating projects
- research and development projects
- promotion of marketing and export potential
- enhancement of our tourist potential
- provision of employment and business experience for Alberta students
- encouragement of local development groups
- promotion of pollution control projects.



ELIGIBILITY

In order to qualify for assistance from the A.O.C., a business

- (a) may be a proprietorship, partnership, co-operative or corporate body,
- (b) must be a business operating for gain or profit,
- (c) must be located or to be located in the Province of Alberta,
- (d) must provide assurance that any assistance provided will be utilized exclusively within the Province of Alberta, and
- (e) must be of a type considered by the Company to be eligible within the terms of The Alberta Opportunity Fund Act and its Regulations.

Eligible types of business include:

- manufacturing, processing and assembly operations
- service industries
- commercial wholesale and retail trade
- recreational facilities
- tourist establishments
- local development organizations
- student business enterprises
- new industries of any kind which are unique and valuable additions to the Province.

The program is not designed to apply to

finance companies

suppliers of residential accommodation other than tourist facilities

resource-based industries such as

- mining and quarrying
 - oil and gas production
 - logging
 - farming and ranching
- public utilities including power generation and distribution.

QUALIFYING FACTORS

In deciding whether an applicant will qualify for assistance, the Company will give consideration to

- the contribution which the project would make to the economy, the local community and the Province as a whole
- economic viability of the proposal considering capabilities of management, the business environment, adequacy of overall financing and technical and ecological considerations
- the ability on the part of the applicant to show, to the satisfaction of A.O.C., that the financial assistance requested is not obtainable from other conventional sources on reasonable terms and conditions
- the availability of security to provide reasonable protection for any advances to the applicant

GENERAL PURPOSES

The purposes for which assistance may be provided include:

- establishment of new businesses
 - acquisition of fixed assets — land, buildings and equipment
 - expansion of existing facilities
 - strengthening working capital
 - financing raw material or finished inventories for manufacturers
 - research and development projects
-

THE PROGRAM

FINANCIAL ASSISTANCE ON A DIRECT BASIS WILL BE MADE AVAILABLE AS FOLLOWS:

CAPITAL LOANS to a level of 80% (maximum \$500,000) of approved capital costs. Length of term and program of repayment may be tailored to best suit each individual case; however, a maximum 15 year term will be a basic guideline in most cases.

Interest will be charged on the principal balance of a loan in accordance with the rate prevailing as established by A.O.C. No increase in rate will be made in respect of any loan during its term so long as the original objectives of the loan are preserved.

Provision is made for the postponement of repayment of principal and interest for a period during the first 30 months of the life of a loan provided the request for such deferment forms part of the application and is suitably supported to the satisfaction of A.O.C.

Security for loans advanced may take the form of a first or second charge against the assets of the applicant as determined by mutual agreement between A.O.C. and the applicant.

WORKING CAPITAL LOANS to a maximum of \$500,000 may be extended over short or medium terms providing such financing cannot be obtained from conventional sources and an adequate security base can be provided to A.O.C.

Interest will be charged on the principal balance of such loans in accordance with the rate prevailing as established by A.O.C.

INVENTORY FINANCING for manufacturers may be made available to a maximum of \$500,000 for the stockpiling of either the raw materials used in the manufacturing process or finished products resulting from that process. In the case of raw materials inventory financing, benefits usually take the form of freight savings through reduction in frequency of ordering from suppliers, bulk purchase discounts, release of needed working capital, etc. When finished goods are financed, benefits can accrue through stockpiling of products manufactured for approaching sales periods or against firm orders, thereby releasing needed working capital for the continuity of production.

In actual operation A.O.C. will purchase the inventory from the manufacturer under a buy/sell agreement at established prices to a level of 80% of "laid-in" cost or wholesale price, as the case may be.

Interest will be charged at a rate established at the time A.O.C. approval is given and applies only to the net outstanding balance resulting from the purchase and resale of inventory by A.O.C.

Due to the nature of this form of financing the term of the agreement normally does not extend beyond 18 months (12 months revolving) but is negotiable for renewal after the period of revolvment.

RESEARCH AND DEVELOPMENT LOANS to a level of 50% (maximum of \$10,000) of the total cost of an approved project undertaken by a commercial enterprise. Such projects shall be restricted to applied research and development programs which, in the opinion of A.O.C., would contribute to improvements in one or more of the following areas:

- technological advance to products or development of new products;
- technological advances to production facilities;
- adoption of improved management techniques;
- development of new markets.

Interest will be charged on the principal balance of a loan in accordance with the rate prevailing at the time approval is given, with repayment normally to commence not later than 12 months following any advance of funds under the loan, and to be completed within six years following the date of execution of the legal agreement covering the undertaking.

Security for Research and Development Loans may take the form of a first or second charge against the assets of the applicant as determined by mutual agreement between A.O.C. and the applicant. A.O.C. may also require and obtain patents, trademarks, licences, leases, franchises or other rights which may result from projects assisted through a Research and Development Loan advance.

LOAN GUARANTEES may be provided by A.O.C. as an alternative to direct financing for any purpose covered in the program, and may also be provided in the following situations:

INTERIM LOAN GUARANTEES —

In cases where A.O.C. gives approval for a mortgage loan payable on completion, and interim financing is necessary to see a project completed, A.O.C. will consider the provision of a guarantee for all or a portion of an advance made by an interim lender, providing the interim lender undertakes to monitor the progress of the project in an appropriate manner and obtain suitable security from the borrower as may be determined by common agreement among the parties involved.

GENERAL PURPOSE GUARANTEES —

Such guarantees to a maximum of \$500,000 may evolve through

- (1) an interim lender's decision to convert an interim loan to a term loan in which case application (with the borrower's consent) may be made to A.O.C. for a guarantee which may be given for all or part of the loan, or
-

-
- (2) capital loans for a medium or long term loan which an applicant's banker has considered and would be willing to grant with the added security of an A.O.C. guarantee for all or part of the loan which would strengthen a deficient security base or the borrower's financial position, or
 - (3) the establishment or the temporary increase in a line of bank operating credits which a borrower requires to meet business commitments but which cannot be justifiably provided by his banker due to a deficient security base or the borrower's financial position. Again an A.O.C. guarantee for all or part of the advance may be considered if circumstances warrant.

In all cases where a LOAN GUARANTEE is provided by A.O.C. there shall be established by common agreement among the parties involved

- the level of guarantee to be provided
- the rate of interest to be levied by the lender
- the term and method of repayment
- the security to be provided by the borrower

BUSINESS MANAGEMENT COUNSELLING SERVICES may be provided by A.O.C. professional consultants and include management advice and guidance on financial, technical and marketing matters for small and intermediate-sized Alberta businesses which are not in a financial position to obtain this type of assistance elsewhere. There is no charge for these services and they are available throughout the Province.

INTEREST RATES

Interest on loans will be charged at moderate rates. Any change will not affect rates specified in contracts in force previous to the change. The current rate may be learned at any time through either the Edmonton or Calgary office.

HOW TO APPLY

Enquiries regarding A.O.C. financing and other services may be made by telephone, letter or in person. A representative of A.O.C. will always be available to discuss a financing proposal and, as expeditiously as possible, will endeavour to visit the site of operations to obtain first-hand knowledge and understanding of the applicant's business. Application forms are available upon request.

